

Message Text

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46

ACTION EB-11

INFO OCT-01 NEA-14 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

OMB-01 SWF-02 OIC-04 AF-10 ARA-16 EA-11 EUR-25 DRC-01

/249 W

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R 151235Z MAY 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1475

INFO USMISSION GENEVA

LIMITED OFFICIAL USE NEW DELHI 6464

E.O. 11652: N/A

TAGS: ETRD, IN

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS WITH INDIA

REF: GENEVA 2943 AND STATE 098866

1. NARASIMHAN ASSURES US THAT INDIA WANTS TO ARRIVE AT A SETTLEMENT OF OUR ARTICLE XXVIII CLAIM . INDIA IS NOW WILLING TO GO BEYOND OFFER OF BINDINGS AND REMOVAL OF COMMONWEALTH PREFERENCES TO CONSIDER SELECTIVE REDUCTION OF TARIFFS ON ITEMS OF TRADE INTEREST TO US. HE SUGGESTED WEEK OF MAY 27 FOR MEETING IN GENEVA AND SAID THAT INDIA WOULD NOT HAVE A FORMAL OFFER BEFORE THAT DATE. GOI EXPECTS THAT MUTUALLY ACCEPTABLE ARRANGEMENTS TOTALING TO \$9 MILLION TRADE COVERAGE WILL EMERGE IN COURSE OF NEGOTIATIONS. FINANCE MINISTRY IS NOW WILLING TO COUNTENANCE REDUCTION OF SOME PRESENTLY HIGH TARIFFS ON INDUSTRIAL RAW MATERIALS, INCLUDING ESPECIALLY RAW MATERIALS

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FOR PLASTICS INDUSTRY. SETTLEMENT MIGHT INCLUDE

COMBINATION OF TARIFF REDUCTION, BINDINGS, AND ELIMINATION OF COMMONWEALTH PREFERENCES, ALTHOUGH HE SAID SCOPE OF INDIA'S ACCOMMODATION WILL BE, OF COURSE, LIMITED BY SMALL AMOUNT OF TRADE DAMAGE TO BE COMPENSATED.

2. NARASIMHAN SUGGESTED THAT US MIGHT WANT TO INDICATE TO INDIA SOME ITEMS FROM US REQUEST LIST THAT ARE OF PARTICULAR INTEREST TO US. INDIA WOULD GIVE SERIOUS CONSIDERATION TO ACCOMMODATION ON THESE ITEMS.

3. INDIAN PREFERENCE FOR MAY 27 STEMS FROM ARRANGEMENT WITH EC UNDER WHICH CONSULTATIONS ON EC CLAIM UNDER ARTICLE XXVIII AND INDIA'S CLAIM AGAINST EC UNDER ARTICLE XXIV:6 WILL BE DISCUSSED DURING FIRST WEEK OF JUNE. IN AN ASIDE, NARASIMHAN SAID EC IS NOT ASKING FOR FULL COMPENSATION UNDER ARTICLE XXVIII AND THAT A SETTLEMENT INVOLVING COMPROMISE OF EACH SIDE'S CLAIM AGAINST THE OTHER IS LIKELY.

4. NARASIMHAN SAID THAT JAPAN AND THE NORDIC COUNTRIES WERE ALSO CLAIMING DAMAGE FOR "ONE OF SO" ITEMS UNDER ARTICLE XXVIII.

5. ACTION REQUESTED: EMBASSY RECOMMENDS US NEGOTIATING TEAM AGREE TO MEET WITH INDIANS ON MAY 27. PLEASE CONFIRM.

6. WE NOTE THAT TRADE DATA FOR PAST YEARS IS HIGHLY DISTORTED DUE TO LARGE AID FINANCED EXPORTS. WE WOULD APPRECIATE RECEIVING BY CABLE THE REQUEST LIST APPROVED BY TSC. WE WOULD THEN SUGGEST TO TSC WHICH ITEMS HAD THE BEST MARKET POTENTIAL.
SCHNEIDER

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Message Attributes

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